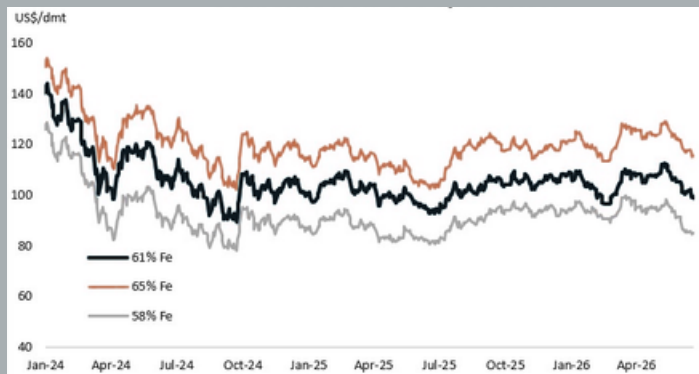


Summary

July 2026

Iron ore prices continued to trend lower through most of June, retreating from a multi-year high in mid-May back to double digits by late June. Sentiment remained bearish amid strong seasonal supply and weakening Chinese demand, although softer Australian shipments, high blast furnace utilisation rates and ongoing supply-side risks could provide support in the months ahead.

Seaborne Iron Ore Spot Prices



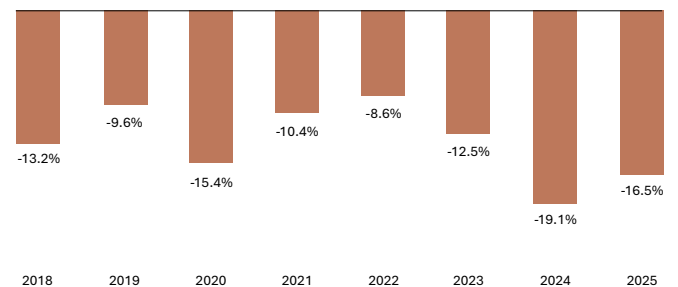
Market themes

1 Australian iron ore shipments poised for seasonal decline in July.

Australian iron ore shipments rose through the second quarter, although June growth was weaker than expected after strong April and May volumes. Shipments remained about 4% above May levels but were down roughly 4% year-on-year. Lower Rio Tinto and Fortescue volumes toward month-end point to a seasonally softer July, with shipments typically declining 9–19% from June levels.

Australian Iron Ore Shipments

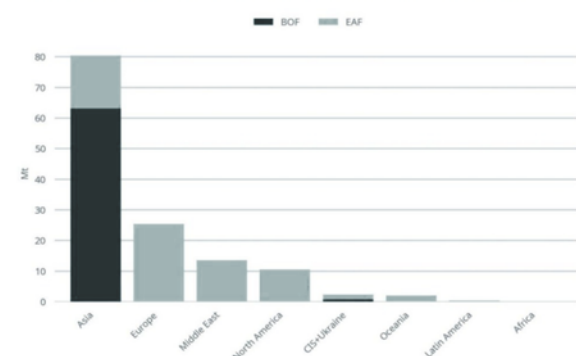
Avg. Jul run-rates versus Jun



2 OECD flags worsening steel industry overcapacity, Chinese steel exports circumventing safeguards.

The OECD's Steel Outlook 2026 warns that global steel overcapacity could rise to 745 million tonnes by 2028 as capacity utilisation declines. India, ASEAN, MENA and Africa are expected to drive demand growth, while Chinese subsidies continue to fuel excess capacity and exports despite increasing trade measures.

Potential gross steel capacity additions by region and production type, 2026-2028, in million tonnes (Mt)



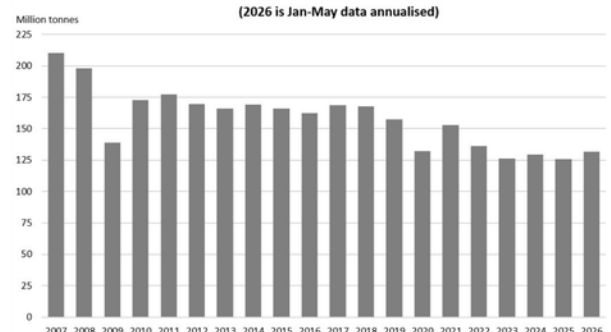
Note: Capacity data include both underway and planned projects and do not account for possible closures that may occur during the period.
BOF: Basic oxygen furnace; EAF: Electric arc furnace; CIS: Commonwealth of Independent States.
Source: OECD Steel Secretariat.

3 Eurofer warns of more weakness in the European steel sector.

Eurofer expects another difficult year for Europe's steel industry, with demand forecast to grow by just 1.3% following two years of contraction. Weak manufacturing, high energy costs and ongoing geopolitical uncertainty continue to weigh on the market. While construction offers some support, the broader outlook remains subdued, and Eurofer expects pressure on the sector to persist without stronger growth and improved competitiveness.

EU-27 Crude Steel Production

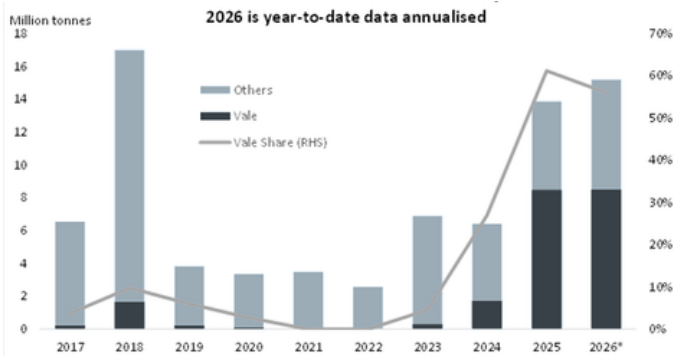
(2026 is Jan-May data annualised)



4 India's NMDC steps up investment in domestic iron ore supply, import optionality through port blending strategy.

India's state-owned NMDC plans to invest US\$5.22bn over the next three years to nearly double its iron ore production capacity to 100Mtpa from 52Mtpa. The programme includes investments in overseas critical minerals and a new blending facility at Visakhapatnam port, supporting a broader strategy that links domestic supply growth with coastal logistics and seaborne imports. Following an MoU with Vale and Adani earlier this year, NMDC is positioning itself to blend domestic ores with higher-grade imported material, improving product quality and supply flexibility. Vale, which already accounts for more than half of India's iron ore imports, is expected to remain a key partner in this strategy.

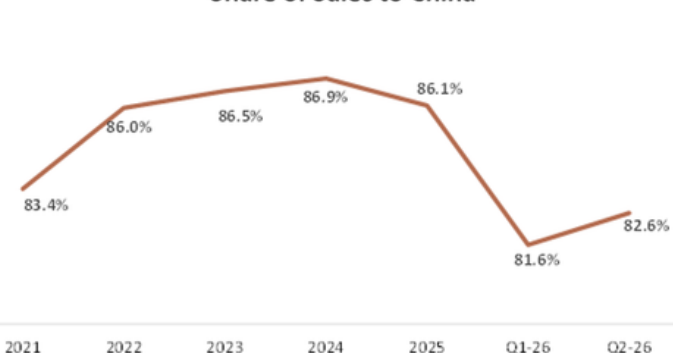
Vale Share of India Iron Ore Imports



5 Return of the CMRG risk premium?

In recent weeks, Fortescue has faced growing pressure from CMRG amid reports of potential restrictions on certain products. With negotiations between CMRG, Fortescue and Rio Tinto reaching a critical stage, the risk of product-level restrictions remains a key market uncertainty. Rumours that FMG's Super Special Fines could be excluded from July term contracts would mark a significant escalation, despite falling short of an outright ban. Previous tensions led BHP to redirect more volumes outside China, and similar shifts could emerge again. As CMRG's influence grows, closer cooperation among Australia's major iron ore producers may become an increasingly important theme to watch.

BHP Iron Ore Shipments Share of Sales to China



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